

**The First Nine Months of the Fiscal Year
Ending March 2023**

Financial Results

February 10, 2023

Managing Executive Officer

Seiki Todaka

Overview of Results in the First Nine Months of the Fiscal Year Ending March 2023

1

Summary of Results

Results in the First Nine Months of the Fiscal Year Ending March 2023 :
Increased revenue, Decreased profit

Net Sales

440.3 billion yen

YoY change

12.6billion yen / **3.0%**

Operating Profits

11.0 billion yen

YoY change

-5.3billion yen / **-32.5%**

(Note) Adopts the Accounting Standard for Revenue Recognition, etc.

- The effects of the price revisions in September and November were minor, and sales in the first nine months increased.
- Operating profit fell significantly due to the impact of continued rises in raw materials and operating costs.
- Rises in cost from the third quarter will not be absorbed in the full year, and the results forecast has been revised downward.

Overview of Results in the First Nine Months of the Fiscal Year Ending March 2023

2

Cumulative quarterly results

(Billion yen, rounded down to the nearest tenth of a billion yen)

	Cumulative results for the first nine months of FYE3/ 2022	Cumulative results for the first nine months of FYE3/ 2023	Change	% Change YoY
Net Sales	427.6	440.3	12.6	3.0%
Operating profit	16.4	11.0	-5.3	-32.5%
Ordinary Profit	18.1	11.0	-7.1	-39.2%
Profit*	11.5	5.9	-5.5	-48.6%

* Profit attributable to owners of parent

In the third quarter, sales were recovering, but profit fell from a year ago.



POINT

	FYE3/2022		FYE3/2023		% Change YoY	
	H1	Oct-Dec	H1	Oct-Dec	H1	Oct-Dec
Net Sales	286.9	140.7	289.0	151.2	100.8%	107.5%
Operating profit	12.2	4.2	7.3	3.7	60.2%	88.6%

Overview of Results in the First Nine Months of the Fiscal Year Ending March 2023

3

Results by segment

(Billion yen, rounded down to the nearest tenth of a billion yen)

	Cumulative results for the first nine months of FYE3/ 2022		Cumulative results for the first nine months of FYE3/ 2023		% Change YoY	
	Sales	Operating Profit	Sales	Operating Profit	Sales	Operating Profit
Dairy Product	179.8	10.2	187.4	8.1	4.2%	-21.0%
Beverage and Dessert	185.0	3.9	183.5	1.2	-0.8%	-69.3%
Feedstuffs and Seed	36.1	1.1	41.0	0.3	13.5%	-67.2%
Other	26.5	1.0	28.2	1.4	6.4%	30.9%
Total	427.6	16.4	440.3	11.0	3.0%	-32.5%

Overview of Results in the First Nine Months of the Fiscal Year Ending March 2023

4

Factors Affecting Changes

(Billion yen, rounded down to the nearest tenth of a billion yen)

FYE3/2022 3Q	FYE3/2023 3Q	change
16.4	11.0	-5.3

Marginal profit Subtotal	-4.9
Sales unit price	3.3
Sales volume	1.0
Product composition	0.5
Raw materials costs	-6.4
Operating costs	-3.3
Fixed costs and others Subtotal	-0.4
Advertising and promotional costs	0.2
Fixed costs	-0.6

Y on Y Changes in segments			
Dairy products	Beverages and desserts	Feedstuffs and seed products	Other
-2.1	-2.7	-0.7	0.3
-0.9	-3.5	-0.9	0.5
1.5	1.5	0	0.3
0.8	0	-0.2	0.5
0.5	0	0	0
-2.6	-3.0	-0.6	-0.2
-1.1	-2.0	-0.1	-0.1
-1.2	0.8	0.2	-0.2
-0.3	0.5	0	0
-0.9	0.3	0.2	-0.2

Overview of Results in the First Nine Months of the Fiscal Year Ending March 2023

5

Dairy Products Sales Results

(including the Nutrition segment)

(Billion yen, rounded down to the nearest tenth of a billion yen)

	FYE3/2022 3Q	FYE3/2023 3Q	Change	% Change YoY
Butter	17.1	19.5	2.4	14.5%
Margarine	6.2	6.2	-0.0	-0.5%
Cheese	42.8	43.9	1.1	2.6%
Other	19.9	21.2	1.3	6.7%
Subsidiaries and other	93.7	96.3	2.6	2.8%
Total	179.8	187.4	7.5	4.2%



POINT

- **Butter** : Sales increased, chiefly reflecting a rise in sales of consumer products due to stronger sales promotion and a recovery in the market for commercial products.
- **Margarine** : Sales in the market and at the Company exceeded the year-ago level in the latter half of the third quarter, but the rises fell short of offsetting falls in the first half of the fiscal year.
- **Cheese** : The Company responded to an increase in cost for processed cheese. Nevertheless, sales rose year on year in the third quarter. Sales of natural cheese were strong, as in the first half.

Overview of Results in the First Nine Months of the Fiscal Year Ending March 2023

6

Nutrition Sales Results

(as a part of the Dairy Products segment)

(Billion yen, rounded down to the nearest tenth of a billion yen)

	FYE3/2022 3Q	FYE3/2023 3Q	Change	% Change YoY
Functional food products	5.0	6.7	1.7	33.7%
Powdered milk and other	8.3	8.2	-0.1	-2.0%
Total	13.4	14.9	1.5	11.4%



POINT

- Food with functional claims : Sales of Mainichi Hone Care MBP® remained strong.
- Powdered milk : Domestic sales rose chiefly due to an increase in opportunities to go out.
Overseas sales fell, mainly because of movement restrictions associated with COVID-19.

Overview of Results in the First Nine Months of the Fiscal Year Ending March 2023

7

Beverage and Dessert Sales Results

(Billion yen, rounded down to the nearest tenth of a billion yen)

	FYE3/2022 3Q	FYE3/2023 3Q	Change	% Change YoY
Milk and milk-based beverages	55.6	54.0	-1.6	-2.9%
Other beverages	23.0	22.5	-0.4	-2.1%
Yogurt	36.8	36.1	-0.7	-2.0%
Desserts and fresh cream	16.4	17.3	0.9	5.9%
Other	2.5	2.6	0.0	2.7%
Subsidiaries and other	50.4	50.7	0.3	0.6%
Total	185.0	183.5	-1.4	-0.8%



POINT

- **Milk and milk-based beverages:** The Company took sales measures to address milk and milk-based beverages supply and demand issues.
- **Other beverages :** Sales of Snow Brand Coffee exceeded the year-ago level, but fruit and vegetable juices struggled.
- **Yogurt :** Sales of family-type yogurt were firm. Sales of slim drink-type yogurt boxes were strong. Sales of yogurt with function claims were recovering.

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8

Feedstuffs and Seed Products Sales Results

(Billion yen, rounded down to the nearest tenth of a billion yen)

	FYE3/2022 3Q	FYE3/2023 3Q	Change	% Change YoY
Feedstuffs	28.6	33.1	4.5	15.7%
Seed products	7.5	7.9	0.3	5.2%
Total	36.1	41.0	4.8	13.5%



POINT

- Feedstuffs: Sales grew after selling prices rose following soaring raw material prices.
- Seeds: Sales increased, reflecting strong sales of forage grass seeds and gardening seeds.

Full-year forecast (Revision)

(Billion yen, %)

	Aug. 10 revision	This time (Feb. 10 revision)	Difference with Aug. revision
Net Sales	575.0	580.0	5.0
Operating profit	14.0	11.0	-3.0
Ordinary Profit	15.5	12.5	-3.0
Profit*	9.3	8.5	-0.8

* Profit attributable to owners of parent

Dividends (Forecast)

Ordinary dividend	60.0yen
Consolidated payout ratio	47.7%

Forecast of Fourth quarter Consolidated Financial Results

(Billion yen, rounded down to the nearest tenth of a billion yen)

	FYE3/2023 Third quarter results(Apr.-Dec.)		FYE3/2023 Forecast of Fourth		FYE3/2023 Full-year forecast (Feb. Revision)	
	Sales	Operating Profit	Sales	Operating Profit	Sales	Operating Profit
Dairy Products	187.4	8.1	61.6	0.5	249.0	8.6
Beverages and Desserts	183.5	1.2	56.5	-0.5	240.0	0.7
Feedstuffs and Seed	41.0	0.3	12.5	-0.2	53.5	0.1
Other	28.2	1.4	9.3	0.2	37.5	1.6
Total	440.3	11.0	139.7	0	580.0	11.0



POINT

Operating profit will decline in the fourth quarter due to the stronger impact of higher costs.

Full Year Forecast of Consolidated Financial Results FYE3/2023

11

Factors Affecting Changes in Operating Profit (Revision)

(Billion yen, rounded down to the nearest tenth of a billion yen)

FYE3/2022 full year	FYE3/2023 full year forecast (After revision)	Change
18.0	11.0	-7.0

Marginal profit Subtotal	-6.7
Sales unit price	6.1
Sales volume	1.2
Product composition	0.8
Raw materials costs	-10.6
Operating costs	-4.2
Fixed costs and others Subtotal	-0.2
Advertising and promotional costs	0.5
Fixed costs	-0.7

Changes in segments			
Dairy products	Beverages and desserts	Feedstuffs and seed products	Other
-3.9	-2.9	-0.5	0.4
-2.5	-4.0	-0.8	0.6
2.2	3.5	0	0.4
1.2	-0.3	-0.2	0.5
0.7	0.1	0	0
-5.2	-4.7	-0.5	-0.2
-1.4	-2.6	-0.1	-0.1
-1.4	1.1	-0.5	-0.2
-0.2	0.7	0	0
-1.2	0.4	0.3	-0.2

Full Year Forecast of Consolidated Financial Results FYE3/2023

12

Difference in factors affecting in full-year profit from the Nov. revision

(Billion yen, rounded down to the nearest tenth of a billion yen)

	Forecast (Nov.10 revision)	Forecast (Feb.10 revision)	Difference	Main difference factor from the Nov. revision
Marginal profit Subtotal	-3.7	-6.7	-3.1	
Sales unit price	7.0	6.1	-0.9	Dairy Products -0.8, Beverages and Desserts -0.4
Sales volume	1.5	1.2	-0.3	Dairy Products -0.1, Beverages and Desserts -0.3
Product composition	1.0	0.8	-0.2	Dairy Products -0.1, Beverages and Desserts -0.1
Raw materials costs	-9.5	-10.6	-1.1	Dairy Products -0.6, Feedstuffs and Seed -0.5
Operating costs	-3.7	-4.2	-0.5	Energy-0.4, Logistics -0.2
Fixed costs and others Subtotal	-0.3	-0.2	0.1	
Advertising and promotional costs	0.1	0.5	0.4	
Fixed costs	-0.4	-0.7	-0.3	
Total	-4.0	-7.0	-3.0	



POINT

The main reasons for the downward revision in operating profit are a fall in sales unit prices (down 0.9 bn yen from previous forecast) and a rise in raw materials costs (down 1.1 bn yen from previous forecast).

Responding to cost increases

① Revisions to prices and volumes of consumer dairy products (in response to higher dairy and other costs) (from April 1, 2023)

Applicable Products

☑ Butte, Margarine, Cheese, Skimmed milk, etc. : 83 items

Revision rate

☑ Price : 3.1~19.0% ☑ Net volume : -5.9~-10.0%

e.g.



② Revisions to prices of consumer milk, yogurt, and other products (in response to cost increases) (from April 1, 2023)

Applicable Products

☑ Yogurt, Beverages, Desserts, Cream : 51 items
☑ Home delivery products : 3 items

Revision rate

☑ Price : 3.8~18.2%

e.g.



Market creation

① Expand sales by launching new products that will create demand

② Expand sales with strong promotion of sales of existing products

Launch of Demand Creation New Products in spring 2023



Make the Future with Milk.



Forward-looking statements such as performance forecasts contained in this document are based on management's expectations and assumptions in light of information currently available and are not the commitment by the Company. Actual results may differ from the forecasts in this document due to change in the business environment and other factors.

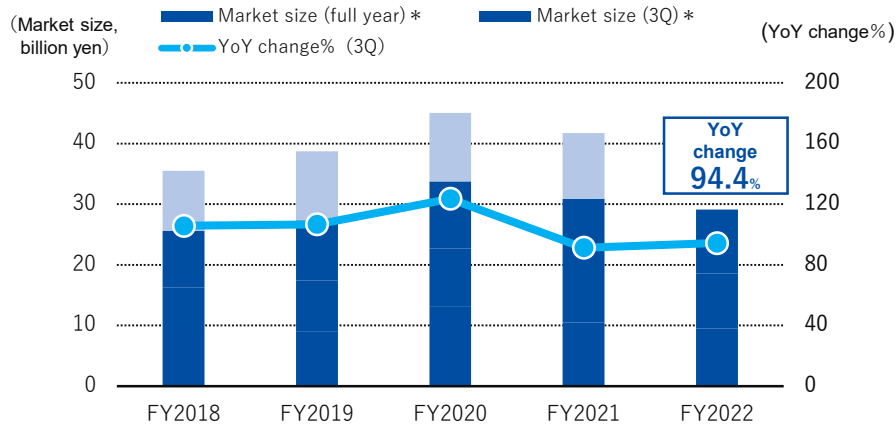
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Data: Market Trends of the nationwide Consumer Products

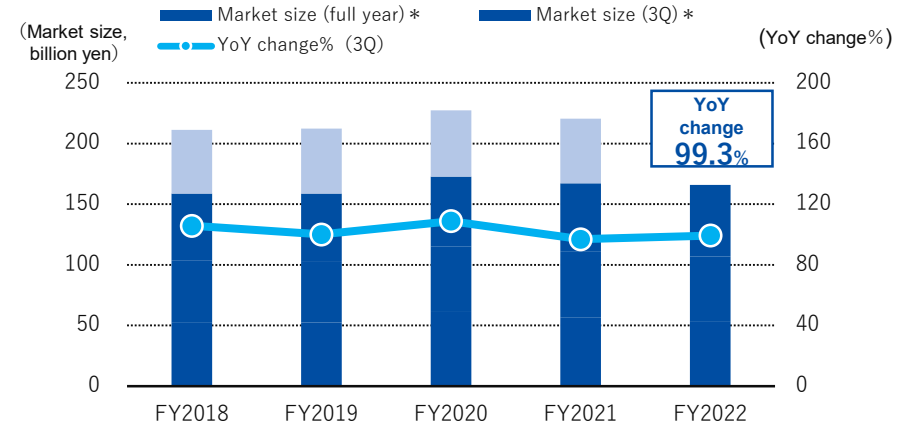
15

Source: Intage Inc.: SRI+ (Nationwide Retail Store Panel Survey) for cumulative total sales from April 2018 to September 2022

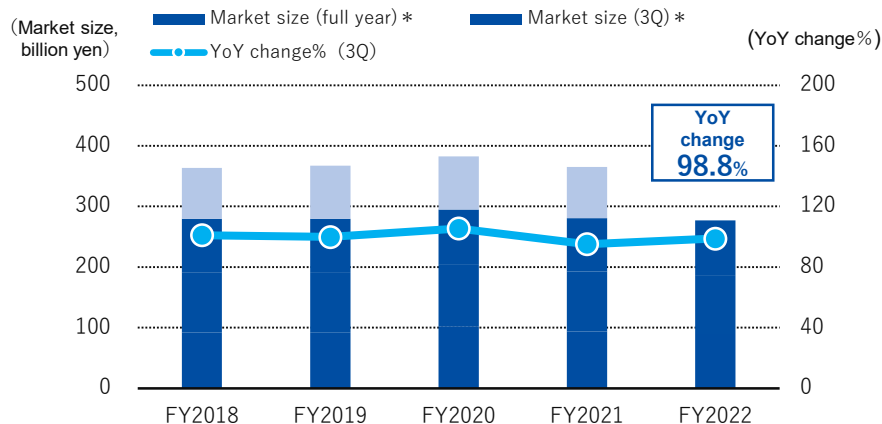
Butter



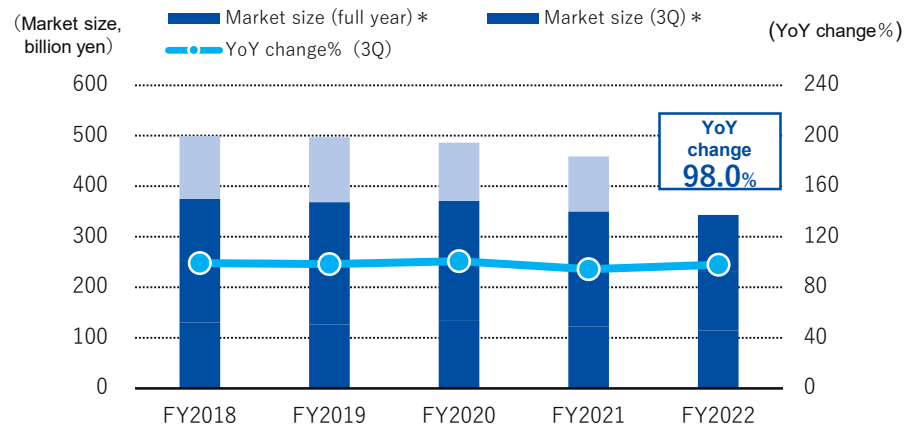
Cheese



Milk (Milk & composition modified milk)



Yogurt



Data: : Megmilk Snow Brand's Market Share / Overseas Cheese Price Trends

16

Market share (of household consumption)

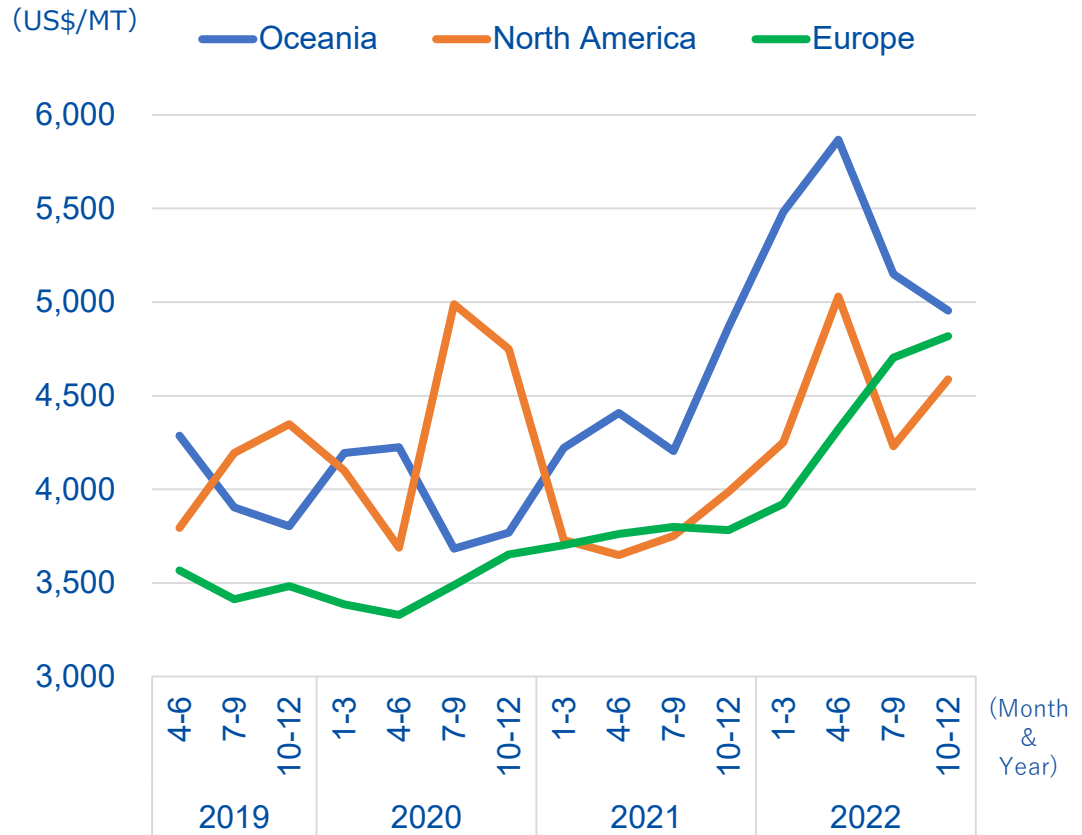
Megmilk Snow Brand's share of the nationwide consumer market on an estimated total sales basis for the first half of the fiscal year ending March 31, 2023 (Apr. to Dec. 2022)

Retail store POS data

Butter	48.6%
Margarine	52.1%
Cheese	26.6%
Milk	4.8%
Milk beverage	13.8%
Yogurt	11.7%
Dessert	16.5%

Source: Intage Inc.: SRI+ (Nationwide Retail Store Panel Survey) for cumulative total sales.

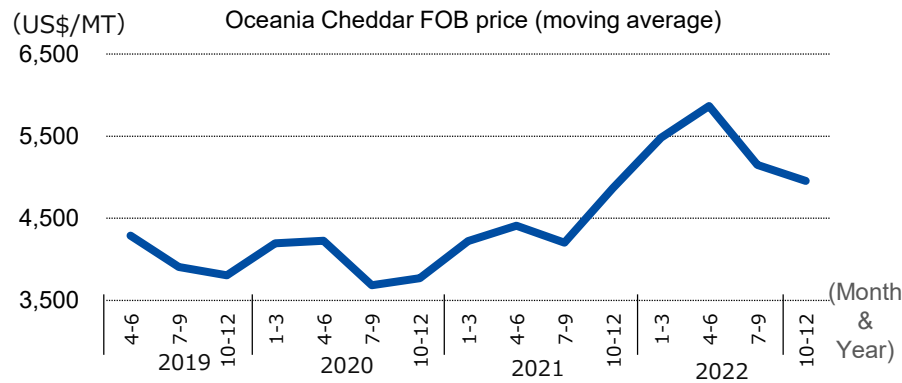
Transitions in overseas cheese prices



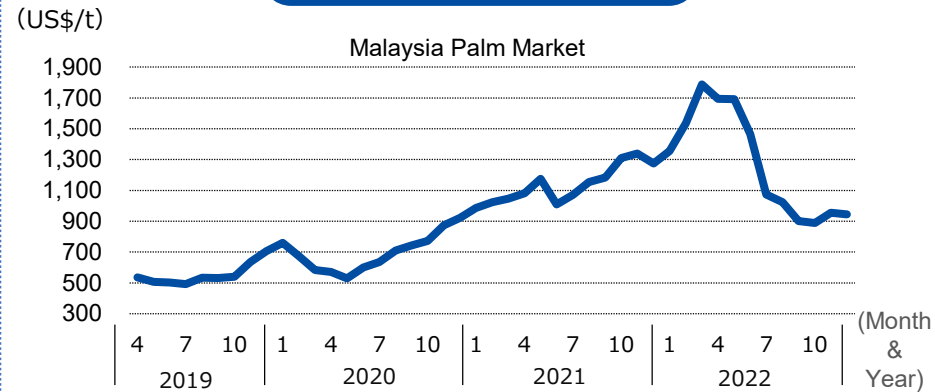
Moving average for each quarter, FOB, Cheddar
OCE-USA, Cheddar USA-CME, Cheddar EU-MMO

Trends of major raw materials

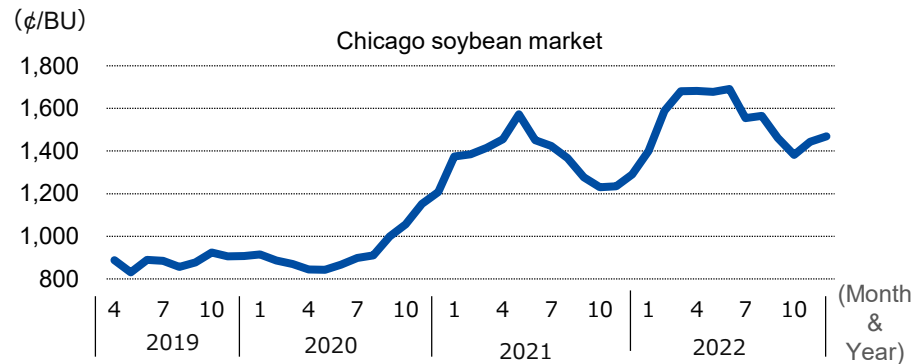
Imported raw cheese



Raw materials for palm oil



Raw materials for soybean oil



Raw materials for rapeseed oil

